

# **CALPINE POWER SERVICES COMPANY**

## **ORDER No. EA-116**

### **I. BACKGROUND**

Exports of electric energy from the United States to a foreign country are regulated and require authorization under Section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On July 1, 1996, Calpine Power Services Company (Calpine) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) for authorization to transmit electric energy to Mexico. Calpine is a power marketer which has been authorized by the Federal Energy Regulatory Commission (FERC) to make sales of electric power at wholesale in interstate commerce, at negotiated rates. Calpine does not own or control any electric generating or transmission facilities, nor does it have a franchised service area.

Calpine proposes to purchase surplus electric energy from electric utilities and to export this energy on its own behalf to Mexico. The energy to be exported would be delivered to Mexico over the international electric transmission facilities owned and operated by Comision Federal de Electricidad (CFE, the national electric utility of Mexico), Central Power & Light Company (CPL), El Paso Electric Company (EPE), and San Diego Gas & Electric (SDG&E).

Notice of this application appeared in the Federal Register on July 22, 1996, (61 FR 38190) requesting that comments, protests, and petitions to intervene be submitted to the DOE by August 23, 1996. None were received.

### **II. ANALYSIS**

The authority requested of DOE by Calpine under section 202(e) of the FPA is a necessary condition for exporting. However, even with this grant of authority, Calpine must still make the necessary commercial arrangements and obtain any and all other regulatory approvals which may be required in order to effect the export, including obtaining all necessary transmission access required to wheel the exported energy to the foreign purchaser. In order to obtain sufficient transmission access to wheel the electricity to the border, Calpine must come to terms with the affected transmission systems and obtain any necessary regulatory approvals. In considering Calpine's request, the transmission systems would have to assess the reliability impacts of moving the export through their systems and, presumably, would only agree to provide service under terms and conditions that would not cause reliability problems on their own systems.

The issues related to authorizing exports of electricity by power marketers has been thoroughly addressed by DOE in several previous orders covering exports to Canada and Mexico through border facilities both jurisdictional and non-jurisdictional to the FPA.<sup>1</sup> DOE believes that the analysis of the issues in those other power marketer dockets would be equally applicable here to Calpine and, for the most part, does not need to be repeated here.

Before an electricity export authorization is granted, DOE must find that the proposed export will not impair the sufficiency of electric supply within the U.S. and that it will not impede the coordinated use of regional transmission facilities. DOE has always used a flexible approach in determining the information necessary to evaluate reliability impacts for specific export proposals. In determining reliability impact for exports by power marketers, DOE has used a combination of established industry guidelines, operating procedures and/or infrastructure, as well as technical studies supporting authorizations issued for traditional entities operating at the border. Allowing these existing technical studies to suffice in this docket is sound and, thus, DOE need not perform additional reliability assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the previously authorized limit of the system.

DOE recognizes that the participation of power marketers in the international electric energy marketplace is a new phenomenon and that the transactions envisioned by these entities are less structured than those of “traditional” electric utilities. Therefore, DOE will for the foreseeable future continue to limit all initial export authorizations issued to power marketers to two years in length and require quarterly reporting of energy transactions at the borders.

During the term of this Order, notice will be provided to the parties of any amendments to existing export authorizations that would impact on this Order.

### **III. FINDING AND DECISION**

Because Calpine has no native load obligations usually associated with a franchised service area, and because the electric power purchased by Calpine for export to Mexico would be surplus to the needs of the electric utilities selling the power to Calpine, DOE finds that such exports by Calpine would not impair the sufficiency of electric supply within the United States. Furthermore, based on the analysis above, DOE finds that the proposed export, as conditioned and limited herein, would not impede or tend to impede the coordinated use of transmission facilities within the meaning of section 202(e) of the FPA.

DOE also has assessed the potential environmental impacts associated with the authorizing of the proposed export and has determined that this action is among those classes of actions not

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<sup>1</sup> The list of power marketers that have previously been issued electricity export authorizations includes, but is not limited to the following: FE Orders EA-102 (Enron, for exports to Mexico), EA-103 (North American Energy Conservation), EA-105-MX and EA-105-CN (NorAm), EA-110 (CNG), EA-112 (USGenerating), EA-113 (Destec), and EA-114 (MidCon Power).

normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.2 of the revised DOE Regulations implementing the National Environmental Policy Act of 1969. Documentation of the use of this categorical exclusion has been placed in this Docket.

#### **IV. ORDER**

Based on the above finding, it is hereby ordered that Calpine is authorized to export electric energy to Mexico under the following terms and conditions:

(A) The electric energy exported by Calpine pursuant to this Order may be delivered to Mexico only over the following existing international transmission facilities for which assessments of the transmission limits for operation in the export mode have been made:

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.<sup>2</sup></u>
San Diego Gas & Electric	Miguel, CA	230 kV	PP-68
	Imperial Valley, CA	230 kV	PP-79
El Paso Electric Company	Diablo, NM	115 kV	PP-92
	Ascarate, TX	115 kV	PP-48
Central Power & Light Company	Brownsville, TX	138 kV	PP-94
		69 kV	
Comision Federal de Electricidad	Eagle Pass, TX	138 kV	PP-50
	Laredo, TX	138 kV	PP-57
	Falcon Dam, TX	138 kV	None

(B) Exports authorized herein shall not cause a violation of the following terms and conditions contained in existing electricity export authorizations associated with the international transmission facilities identified in paragraph (A). Specifically:

(1) Exports by Calpine pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permits PP-68 and PP-79 to exceed an instantaneous transmission rate of 400 megawatts (MW).

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<sup>2</sup>Permit numbers referred to in this Order include any subsequent amendments to the initial base permit.

(2) Exports made by Calpine pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permits PP-48 and PP-92 to exceed an instantaneous transmission rate of 200 MW.

(3) Exports by Calpine shall not cause the total exports on a combination of the 138-kV facilities at the Falcon Dam and the facilities authorized by Presidential Permits PP-50, PP-57, and PP-94 to exceed an instantaneous transmission rate of 600 MW during those times when the CPL system is at a minimum load condition. During all other load conditions on the CPL system, exports by Calpine over the facilities identified in this subparagraph shall not cause the maximum rate of transmission to exceed:

(a) 300 MW for the 138 kV and 69 kV facilities authorized by Presidential Permit PP-94; or,

(b) 50 MW total for the 138 kV facilities at Falcon Dam and those authorized by Presidential Permits PP-50 and PP-57.

(C) Amendment of the export authorizations from which the export limits contained in subparagraphs B(1) through B(3) above were derived will result in a concomitant change to the export limits contained in those subparagraphs.

(D) Calpine may commence exports only over those international transmission lines identified in paragraph (A) for which Calpine provides DOE written evidence that sufficient transmission service has been obtained for delivery of the exported energy to the border. This evidence can consist of signed letters of agreement for the service between Calpine and each Presidential permit holder and should identify specific facilities by name and Presidential permit number.

(E) In scheduling the delivery of electricity exports to Mexico, Calpine shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council and Regional Councils, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(F) Calpine shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the FPA and pertinent rules, regulations, and orders adopted or issued by the DOE.

(G) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in paragraph (A) above.

(H) This authorization shall be effective for a period of two years from the date of this Order. Within six months prior to the expiration of this authorization, Calpine may reapply for renewal of this two-year authorization or request a period of time longer than the two-year period.

(I) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(J) Calpine shall make and preserve full and complete records with respect to the electric energy exported to Mexico. Calpine shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, showing the gross amount of electricity delivered and the consideration received during each month of the previous quarter, and the maximum hourly rate of transmission.

Quarterly reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-52, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(K) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer and the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(L) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

Issued in Washington, D.C., on October 8, 1996.

Anthony J. Como  
Director  
Office of Coal & Electricity  
Office of Fuels Programs  
Office of Fossil Energy